

Metropolitan Arrangements in the Philippines: A New Urban Development Challenge

A contemporary regional development phenomenon occurring in the Philippines is the emergence of new regional spaces through the formation of metropolitan arrangements. A metropolitan arrangement is a conglomeration of a highly urbanized city and the local government units contiguous to it, engaging in co-operative urban development ventures.

Metropolitan arrangements vs. decentralization

Both the 1986 Philippine Constitution and the 1991 Local Government Code grant local governments the power to group themselves for purposes commonly beneficial to them. While these provide the legal basis for some inter-governmental structure as in metropolitan arrangements, the creation of such a structure is interpreted by some as a form of re-centralization and a potential threat to the autonomy of local governments. Un-

der this interpretation, metropolitanization would, in effect, make local governments give up some of the broader powers accorded to them by the 1991 Local Government Code. In addition, lesser LGUs may lose their political identity due to annexation by the metro arrangement.

Advocates of metropolitan arrangements counter that metropolitanization in fact strengthens decentralization when local governments themselves initiate such move. This view sees metro arrangement as a refinement of the decentralization thrust since it allows for a sub-national level government as against central government provision of services characterized by economies of scale and externalities.

From an economic standpoint, urban services can be more efficient if they are jointly planned and delivered thereby creating economies of scale. Moreover, greater positive externalities will spill over to society as a result of metro arrangements.

There is, of course, difficulty in determining the best organizational structure to adopt considering that LGUs

PIDS Policy Notes are observations/analyses written by PIDS researchers on certain policy issues. The treatise is wholistic in approach, and like the PIDS Executive Memo, it aims to provide useful inputs for decisionmaking.

This *Notes* was recast and repackaged by Wilbert R. San Pedro based on PIDS Discussion Paper No. 98-31 entitled "Metropolitan Arrangements in the Philippines: Passing Fancy or the Future Megatrend?" authored by Ruben G. Mercado and Rosario G. Manasan, Research Associate and Research Fellow, respectively, at the Institute. The views expressed are those of the authors and do not necessarily reflect those of PIDS or any of the study's sponsors.

have equal political legitimacy. Competition and antagonism may hinder the prospects of a workable relationship among local governments within the metropolitan arrangement.

Metropolitan arrangements in the Philippines

With the exception of Metro Manila, metro arrangements in the Philippines are a phenomenon of the 1990s. There are four major precursors of metropolitanization. First, common pressing problems can lead local governments to band together in hopes of a better solution. Second, regional development programs, which define certain areas targetted for development, often provide the impetus for these areas to metamorphose into metro arrangements. Third, a simple edict from the national government can put a previously nonexistent metro arrangement into the map. And last, the initiatives of the locals themselves can give rise to metro arrangements.

Majority of the country's metro arrangements are still in the process of forming their metro bodies. Many have a bias for an authoritarian style of leadership although local leadership is emphasized in executing councils. Again, majority of these metro arrangements are locally led. Local officials make the decisions within the framework of metropolitan bodies.

Local governments are the driving force behind the sustainability of metro arrangements since component LGUs give fixed contributions (a percentage of the LGU's internal revenue allotment) for the upkeep of the metro arrangement.

Activities which metro arrangements do best

While there is a general understanding and acknowledgement of the problems confronting them, many metropolitan arrangements still have to formalize systems to solve these problems.

Theory says functions which are characterized by economies of scale and externalities are appropriate concerns for higher level governments. Practice bears this out. Water supply, sewage disposal and solid waste man-

agement—services requiring areas larger than a local jurisdiction for cost-effectiveness—are generally assigned to metropolitan governments worldwide. The same is true for services such as public health whose benefits and costs accrue to nonresidents of a local jurisdiction (i.e., services which give rise to spatial externalities). Common to all metro arrangements are the pressing concerns of development planning, solid waste management, and transport and traffic management.

Policy issues

Majority of metropolitan arrangements in the country are still in a nascent stage of development and as such, are still concerned with the problem of solidifying their identity.

The following are issues that need to be resolved to enable metro arrangements to evolve into fully-functional political and economic entities:

What structure to adopt. Many metro arrangements are still searching for their ideal structure. A few have made their choice but are still shopping around for better options. Problems are inherent in the choice of structure especially since a core requirement is that it should be acceptable to all LGUs within the metro arrangement.

The problem of structure also involves the problem of leadership. There are two sides to the issue. First, who should initialize the process of consensus-building on what structure to adopt. Second, how to determine a mode of leadership agreeable to all. The dominant city is expected to take the initiative because it has the greatest stake. It is recognized as a "big brother" to lesser LGUs. Moreover, other LGUs are constrained to make the first move, being structurally under the provincial government. Still, there is the apprehension that lesser LGUs may misconstrue the initiative as a political overture to expand power. Unhappily, this can result into a political stalemate. The choice of who should lead the formal structure adopted is thus a major challenge.

Choosing Appropriate Metro Structures

There are three basic models of governance from which local governments may choose their preferred structure.

Metropolitan city

One is the metropolitan city under which a single LGU has responsibility for all local functions. This structure has the advantage of ease in coordinating activities and implementing plans. Duplication of services is less likely. The formation of a new city also resolves the issue of legal administrative ties between the province and the towns involved in the metro arrangement. Its weak point lies in its general inability to account for intra-city or neighborhood differences in the demand for the package of services.

Jurisdictional fragmentation with second-tier structure

The second model is jurisdictional fragmentation side by side with a second-tier governance structure, under which the responsibility for the same local functions is lodged with the component LGUs of the metro arrangement. The model promotes economic efficiency by bringing the government closer to the people and consequently, making it more responsive to local preferences. However, it is less able to capture the benefits from economies of scale. It is also not able to address well the problems associated with spillover effects of certain types of services. The creation of the second-tier governance structure in this model is precisely aimed at counteracting this inherent weakness in jurisdictional fragmentation.

The upper-tier structure can be any of these three: a council, an authority or a metro government. The difference lies in the sharing of power among the LGUs in the metropolitan arrangement and the leadership structure in the second-tier.

The metropolitan development council is a governing body composed of city and town mayors comprising the metro arrangement. Leadership is appointed from among the mem-

bers. The structure provides relative ease in obtaining national support. A presidential executive order is all that is needed to make it legal. However, financial sustainability of the council is at risk because its budget is tied with the executive department.

A metropolitan development authority is a much more attractive structure in view of its relative institutional permanence, greater corporate powers and functions and fiscal advantage. Since it is more of a technocratic organization than a political body, decision making is de-politicized. An authority can only be created through a congressional law. The head of the authority is typically government appointed.

A third form of upper-tier structure is the metropolitan government wherein component LGUs are subjected to a higher jurisdictional authority or government with an elected governor. There is a single-tier council and the city and municipal mayors act as area managers. The governor coordinates the sectoral departments of the national government. In the Philippines, this set-up will only be possible with the amendment of the Constitution.

Functional fragmentation

Finally, the third model is functional fragmentation under which component LGUs have limited responsibilities for service delivery. The model authorizes autonomous local entities with corporate powers to undertake specific services on a metro-wide basis. This is suitable in addressing economies of scale in capital intensive services like public utilities and transportation which smaller LGUs would normally have difficulty financing. Corporatizing service delivery also has the advantage of encouraging the management of service delivery by professionals (versus politicians) whose decisions tend to be shielded from political interventions. Moreover, this mode promotes greater cost recovery.

Clearly-delineated and well-understood roles and functions of all political entities involved in the metro arrangement are paramount concerns for an effective metro structure. A metro arrangement, when it takes on the cloth of a formal metropolitan structure, inevitably also requires a full-time organization to become effective.

Financial sustainability. Sustainability requires a steady stream of financing to bankroll the metro arrange-

ment. Different modes of financing are open for exploration.

A crisis of identity, a question of loyalty. The introduction of a metropolitan structure changes significantly the relationships of political units in the local government system. Cities and municipalities planning to join a metro arrangement can be faced with conflicting relationships with the province and the metropolitan body.

Many believe, though, that this issue is not necessarily a problem in the legal-administrative perspective but may be so in the political realm.

Conflicting priorities. Problems arise when local executives prioritize the interest of their respective constituents over that of the whole metropolis. The garbage problem is a prominent issue raised by LGUs for not wanting to join a metro arrangement. Municipalities with vast tracts ideal as landfill sites perceive such arrangement as a means by which they can be co-opted to serve as trash bin for the entire metro area.

Harmony in diversity. A formidable challenge is harmonizing the activities of sectors and agencies in urban development services. These agencies often develop independently of elected government and may resist participation in metro-wide planning.

Sustaining metropolitan arrangements

Addressing the issue through effective metro planning and management. A clear understanding of the essentials of metropolitan planning and management, based on the experience of other countries, is necessary and would help identify the right policy interventions.

Effective metropolitan planning and development entails a common vision of preservation and development of the region, a unified economic and political base to implement the vision, and an appropriate metropolitan structure to provide an institutional framework. Ideally, the metropolitan area should also have a unified political jurisdiction and well-coordinated economic agencies operating in the area. Metropolitan planning and management differs from city or town planning since dealing with disjointed political jurisdictions often thwarts unified planning.

Dealing with the legal limitations. The 1991 Local Government Code, while strengthening the power of local governments, has overlooked the unique requirements of metropolitan arrangements. Serious problems have resulted in the sharing of power between capital cities

and peripheral municipalities. Meanwhile, although the Constitution authorizes the creation of special metropolitan political subdivisions, it delimits the extent of metro management. It rules that higher jurisdictional bodies such as a metropolitan authority can be established only through an act of Congress and that in the aftermath, cities and municipalities retain their basic autonomy and their local executives and legislative assemblies. These inadequacies should be remedied through appropriate amendments.

Agenda for national policy

Metropolitan planning and development is fast becoming a feature of local governance. While most of the groundwork has been undertaken by local governments themselves, the national government plays a critical role by providing the legal framework and environment conducive to such undertakings.

Below is an agenda in support of metropolitan development.

Review of basic laws. There is a need to review Article 10 of the Constitution to strengthen metropolitan structures and promote metropolitanization. Amendments could include a legal definition of a *metropolitan area* as a recognized territorial and political subdivision of the country. With recognition, provisions can be made for metro arrangements to exercise powers inherent in the definition.

Review of provisions in the Local Government Code. The 1991 Local Government Code has overlooked the dynamics of urbanization as it relates to local governance. Rapid urbanization has compelled local governments to expand their political and administrative linkages with neighboring cities and municipalities.


There are at least two areas where amendments are needed. First is the assignment of urban functions to a metropolitan unit that is consistent with other LGUs or other government agencies. At the very least, the functions can take into account those which are metropolitan

in character. Potential services for metropolitan units to assume include land use planning, traffic management, solid waste management, water and sewerage services, transport services, flood control and management, among others.

The second area concerns the functional relationship of the metropolitan unit to other government entities which must be made clear to maximize benefits. For instance, the 1991 Local Government Code gave the Department of Budget and Management power to review LGU budgets in lieu of the Metropolitan Manila Development Authority. This has institutionalized the disjointed programming and budgeting process in the metropolis and prevented the maximization of resources. The same lack of institutional linkage exists with sectoral line agencies making it difficult for the Metro Manila Development Authority (MMDA) to influence their priorities.

Recognizing the role of metropolitan planning and institutions. Planners should recognize the implications of metropolitanization in the medium and long term. Recognition of metro institutions as orchestrator of inter-local service delivery is also important. The Regional De-

velopment Councils, as the development planning and policymaking body in the regions, can provide support to local governments which are politically constrained to initiate metro arrangements.

Research and development. Philippine literature on metropolitan planning and management, including rigorous policy studies, are lacking. Focus has largely been only on Metro Manila. There should be more studies in metropolitan governance to assist in policy interventions especially in the area of institutional development, financial management, urban environmental management and global competitiveness of megacities. 

For further information, please contact

The Research Information Staff
Philippine Institute for Development Studies
NEDA sa Makati Building, 106 Amorsolo Street
Legaspi Village, Makati City
Telephone Nos: 8924059 and 8935705;
Fax Nos: 8939589 and 8161091
E-mail: mruben@pidsnet.pids.gov.ph
jliguton@pidsnet.pids.gov.ph

Metro BLIST

Population: 387,000

Land area: 973 square kilometers

Total number of politico-administrative units: 5

Organizational structure:

Short term: Consultative forum

Long term: Metro authority (proposed)

Genesis: Metro BLIST (formerly Metro Baguio) stands for Baguio, La Trinidad, Itogon, Sablan and Tuba. In the aftermath of the 1990 earthquake which devastated North Luzon, a development plan was drawn up which, upon consultation with surrounding towns, became the foundation for Metro BLIST. The area has also been identified as a major component of the North West Luzon Growth Quadrangle.

Areas for cooperation: Solid waste management, transport and traffic management, tourism, water supply.

Current issues: Metro BLIST's formal master plan suffers from a limited to total nonimplementation of said plan, not for lack of technical merit. There is a need for member-municipalities in BLIST to own the metro-wide vision reflecting the collective interests of all stakeholders.

Metro Manila

Population: 9.45 million

Land area: 633 square kilometers

Total number of politico-administrative units: 17

Organizational structure: Metro Manila Development Authority

Genesis: Metro Manila came about as a conscious policy decision at the national level. A referendum paved the way for Presidential Decree 824 in 1975 which gave Metro Manila its present jurisdiction and created the Metro Manila Commission (MMC). In President Aquino's term, MMC was replaced by a weaker Metropolitan Manila Authority (MMA). Congress created the Metropolitan Manila Development Authority in 1995 to replace MMA.

Metro Manila was initially created as a public corporation by PD 824 in 1975 but 1995's Republic Act 7924 redefined the metropolis as a special development and administrative region that has no corporate personality nor authority to create corporations.

Metro Manila, on top of local fixed contributions, receives annual appropriations from the national government.

Development challenges (areas for cooperation): Development planning, transport and traffic management, solid waste disposal and management, flood control and sewerage management, urban renewal, zoning and land use planning and shelter services, health and sanitation, urban protection and pollution control, public safety.

Current issues: The challenge of Metro Manila over the medium and long term would entail pursuing three development directions: regional development dispersal, institutional strengthening of the metropolitan body, and setting up of a more unified and coordinated mechanism for the various key players involved in the management of the metropolis.

Regional development dispersal is important to minimize further pressure on the already strained metropolitan environment and would help in managing its continued growth. Another critical concern is the development of its immediate regions and spillover areas.

A sound and respectable metropolitan institution must be in place to provide a more integrated approach to the development of the entire metropolis. The metropolitan body must revitalize its development planning function in pursuit of area-wide functions and in inspiring the various LGUs to attain a common vision for the metropolis.

Metro Manila's governance experience under three government regimes over the past three decades has highlighted the importance of finding the optimal mix of powers, functions and responsibilities of the national government, local government units and the metropolitan body in managing the metropolis. There is a need to review and finetune policies and institutions to address the concerns of Metro Manila and its special role as the country's link to the other premier cities in the world.

There is also a hazy relationship between national agencies which handle almost all metro services and the MMDA. To name a few metro services under national agencies: light rail transit under Transportation and Communication, flood control and drainage under Public Works and Highways, and environmental management and services under Environment and Natural Resources.

Metro Naga

Population: 502,299

Land area: 1,258 square kilometers

Total number of politico-administrative units: 15

Organizational structure: Metro Naga Development Council (MNDC)

Genesis: The shortage of oil products during the Gulf War in 1991 gave reason for Naga City and the surrounding municipalities to work together in resolving the issue of gas sourcing and allocation. This led to more interaction on other broader issues. Naga City spearheaded the conceptualization of a Metropolitan Naga Development Program (MNDP). The MNDP provided the framework for the development of the area composing Metro Naga and the required organizational machinery to orchestrate the development activities identified. To financially sustain the cooperative arrangement, presidential issuance was sought to create the MNDC.

Development challenges (areas for cooperation): Development planning, equipment pool program, elderly service, emergency rescue, enterprise development, manpower development and employment, water supply and health service support.

Current issues: There are three major challenges that MNDC will be facing. First is to beef up its organizational machinery through the expansion of the management support of the MNDC. Second is to address financial sustainability through more creative fund sourcing other than national government contribution. Third is to manage the transition of leadership and sustain the strong partnership and the development-oriented perspective and vision that have been established among its current members.

Metro Cebu

Population: 1.44 million

Land area: 923 square kilometers

Total number of politico-administrative units: 10

Organizational structure: Metro Cebu Development Council

Genesis: In the 1980s, foreign-assisted projects helped formulate a development program for Central Visayas with Metro Cebu identified as a growth and planning area. Many infrastructure projects in Metro Cebu were carried out under the Central Visayas Regional Program. In 1997, the Regional Development Council for Central Visayas passed a resolution creating the Metro Cebu Development Council (MCDC). The Council is the most recent among the metro organizations that have been formed in the country.

Development challenges (areas for cooperation): Development planning, transport and traffic management, solid waste disposal and management, flood control and sewerage management, urban renewal, zoning and land use planning and shelter services, health and sanitation, urban protection and pollution control, public safety.

Current issues: Metro Cebu has yet to show concrete evidence of the acceptability of a formal metropolitan arrangement to its component LGUs. A lot of work still needs to be done to organize as well as clarify linkages with regional and local structures and institutions.

Metro Cebu shares the same urban problems with Metro Manila. Transport and traffic management is a priority concern since major sections of the metropolis are prone to traffic congestion. Demand for road use will continue to rise rapidly towards the next century. By then, Metro Cebu's major roads will have exceeded their full capacity.

Metro Iloilo

Population: 437,000

Land area: 208 square kilometers

Total number of politico-administrative units: 4

Organizational structure: Metro Iloilo Development Council (proposed)

Genesis: A group of noted businessmen and influential individuals in Iloilo first floated the concept of a Metro Iloilo in anticipation of future city growth and expansion. Political support was not initially strong. The mayors of Iloilo City, Pavia, Oton and Leganes met to identify areas of cooperation and a memorandum of agreement has been prepared for the creation of the Metropolitan Iloilo Development Council: the body proposed to put plan into action.

Development challenges (areas for cooperation): Development planning, transport, traffic engineering and management, environmental sanitation, waste management and disposal system, flood control and sewerage management, urban renewal, land use and zoning and shelter services, networking of economic support infrastructure, public safety, maintenance of peace and order, disaster management, trade and investment promotion.

Current issues: Two major issues have to be dealt with. The first relates to the need for the concerned LGUs (especially Iloilo City) to fully understand the need for the cooperation arrangement and to define specific areas where cooperation will be forged. The second concerns the identification of the appropriate institutional structure to coordinate the arrangement.

Metro CDO

Population: 862,000

Land area: 3,842 square kilometers

Total number of politico-administrative units: 16

Organizational structure: (Under study)

Genesis: Metro Cagayan de Oro is a product of the integrated area development (IAD) approach. Later on, IAD as a planning tool was reinvented through the Special Development Programs (SDPs). Metro CDO was packaged as an SDP of which the Cagayan de Oro-Iligan Corridor (CIC) Project is a major component. This was approved by the National Economic and Development Authority Board in 1990. However, the SDP was focused more on developing infrastructure links between Metro CDO and Iligan. This has given rise recently to planners looking more on the special needs of Metro CDO as it relates with the development of the CIC region.

Development challenges (areas for cooperation): Traffic management, water supply, solid waste disposal and management, infrastructure development (roads, highways, seaport, airport), livelihood program, health.

Current issues: Metro CDO, which is currently at the stage of formulating a master plan for the area, will have to find out the pulse of its proposed component LGUs to join the arrangement and to establish an acceptable institutional management structure.

Metro Davao

Population: 1 million (city proper)

Land area: 2,211 square kilometers (city proper)

Total number of politico-administrative units: 1 (city proper)

Organizational structure: Davao Integrated Development Program Board/ Committee/ Management Office

Genesis: Initially, Davao City proposed for a comprehensive area development of its vicinity which it packaged as the Metro Davao Development Project. The Regional Development Council of Southern Mindanao proposed instead a development project on a scale that encompasses all the Davao provinces calling it the Davao Integrated Development Program (DIDP). A memorandum of agreement was reached by Davao officials to implement the DIDP. Davao Oriental was later included.

Metro Davao has taken on three definitions. One is a Metro Davao synonymous with Davao City itself (Davao City, area-wise, is one of the world's largest cities). Second is the Metro Davao that encompasses Davao City and the adjoining towns of Panabo and Sta. Cruz. Last is the Metro Davao that refers to Davao City and the three provinces surrounding it: Davao del Norte, Davao del Sur and Davao Oriental.

Metro Davao under the third definition has some form of policy and management structure already in place through the DIDP.

Development challenges (areas for cooperation):

Short term: Infrastructure development, tourism, peace and order.

Long term: Industrial estate development, power generation, telecommunication, mass transport, sustainable natural resource development, human resource and technology development.

Current issues: While the DIDP can be an initial vehicle in the promotion of cross-border management of urban services, there might also be a need to develop a subcomponent of the program especially for Metro Davao (i.e., Davao City). In view of its current and future strategic role as the international trade center and gateway to the Southern Pacific Rim particularly in the BIMP-EAGA, a distinct program must be crafted to develop Davao City along the concept of a well-functioning and competitive metropolitan city.